



## CREDIT REPAIR FIRMS

So-called credit repair companies advertise that they can obtain credit cards for consumers with poor credit or improve a person's bad credit rating. Consumer protection agencies have received numerous complaints about these businesses and urge consumers to be cautious. The Federal Trade Commission has more information on credit repair companies and recent actions against them.

If you sign a contract with one of these companies, you have five business days to cancel it under the Credit Services Organization Act (RCW 19.134). Contracts with debt adjusting firms can be cancelled within three business days (RCW 18.28).

## COUNTING "BUSINESS DAYS"

When counting business days, do not count the day on which the contract was signed. Check your contract to determine whether Saturdays are considered "business days." Holidays are defined as: New Year's Day, Martin Luther King Jr's Birthday, President's Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day and Christmas Day.

## HOW TO CANCEL A CONTRACT

To cancel one of the contracts described in this brochure or as otherwise allowed by law, fill out one of the cancellation forms given to you at the time you signed the contract. If you weren't given one or can't find one, write a letter to the company explaining that you want to cancel the purchase. Keep a copy for your files.

Mail the notice or letter to the company by certified mail and request a return receipt. This will confirm that the company received your notice. Be sure the notice is postmarked before the deadline for cancellation.

## WHEN DO I GET MY MONEY BACK?

As with your right to cancel, the length of time a seller has to return your money varies with the statute. If you have received any goods prior to exercising your cancellation rights, you may also have an obligation to return the goods or make them available to the seller for pick up. Check the applicable statute for more details.

## WHEN YOUR HOME IS USED AS COLLATERAL

Often when taking out a "second mortgage" or a large loan for home improvements, the borrower's house is used as collateral. This means that if the payments are not kept up, the lender could force the borrower to sell the house to pay off the loan.

If you have used your house as collateral for such a loan, Regulation Z of the Federal Truth in Lending Act (12 CFR 226.15) gives you the right to cancel the transaction before midnight of the third business day after signing the contract. Your principal residence can be a house, condominium, mobile home or house boat. This right does not apply to a residential mortgage or a credit plan in which a state agency is a creditor.

If the lender does not give you the proper disclosures about financing, as required by federal law, you have three years or until you sell your home (whichever comes first) to cancel the transaction.

You can choose to waive your cancellation rights if you need the loan immediately. You must give the lender written notice stating you are giving up your right to cancel and describing the emergency, for example, to make emergency home repairs.

## FOR FURTHER INFORMATION

The Attorney General's Office provides information and informal mediation to consumers and businesses. If you have a question or want assistance resolving a problem, please contact one of the Consumer Resource Centers listed below.

The Attorney General is prohibited from acting as a private attorney on a complaint. If your complaint demands immediate legal action, you should consider private legal action in Small Claims Court (no attorney necessary) if your claim is under \$4,000. If your complaint involves more than \$4,000, you should seek a private attorney. You might also consider arbitration.

### CONSUMER RESOURCE CENTERS OFFICE OF THE ATTORNEY GENERAL

Web site.....<http://www.atg.wa.gov/consumer>

Statewide.....(800) 551-4636  
(800) 833-6384 WA Relay Service

Bellingham.....(360) 738-6185  
Seattle.....(206) 464-6684  
Spokane.....(509) 456-3123  
Tacoma.....(253) 593-2904  
Vancouver.....(360) 759-2150  
Lemon Law.....(800) 541-8898  
(206) 587-4240 **Seattle**

Consumerline has taped information on a number of consumer related issues. In Washington call 1-800-551-4636.

The Attorney General's Office has a policy of providing equal access to its services. If you need to receive the information in this brochure in an alternate format, please call (206) 464-6684. The hearing impaired may call 1-800-833-6384 Statewide.



Provided courtesy of  
Rob McKenna,  
Attorney General of the  
State of Washington

# CANCELLATIONS



# YOUR CANCELLATION RIGHTS



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When you sign a contract, in most cases you cannot change your mind and cancel. So it is always a good idea to take your time and consider your purchases carefully before you sign.

However, under both state and federal law, Washington consumers do have the right to cancel a contract in some cases. This brochure lists the main types of contracts that can be cancelled. Not all types of cancelable contracts have been included. Therefore, it is wise to get legal advice if you have questions about canceling a contract.

## RETAIL INSTALLMENT PLANS

A State law (RCW 63.14.154) also gives you three business days to cancel a retail installment contract made with a door-to-door salesman, regardless of the amount. The law also applies if the contract was made either in person at a place other than the seller's business as shown on the contract, or by commercial telephone solicitation. Sales made strictly for cash are not covered by this law.

## DOOR-TO-DOOR SALES

A Federal Trade Commission Regulation gives you the right to a three-business-day "cooling off period" on door-to-door sales of more than \$25 (16 CFR 429.1). This rule also applies to sales made away from the seller's usual place of business. These include: sales at a "home show" or other exposition; at a seminar held in a hotel banquet room; or at a "sales party" in someone's home.

This federal rule does not allow you to cancel sales made totally by mail or phone, or real estate, insurance or securities sales. The right to cancel also does not apply if the goods or services are needed because of an emergency, provided you write a statement waiving your cancellation right and explaining the reasons.

## TIMESHARES

Under the state's Timeshare Regulation (RCW 64.36), the buyer of any kind of time share has the right to cancel within seven days after signing the contract or seven days after receiving the disclosures about the time share which are required by law, whichever comes later.

## HEARING AIDS

The state's Hearing Aid Law (RCW 18.35) allows you to cancel a hearing aid purchase within 30 calendar days of delivery, for reasonable cause. Reasonable cause under the law does not mean simply changing your mind or not liking the way the hearing aid looks. The aid must be in original condition except for normal wear and tear.

## HEALTH CLUBS

Under the Health Studios Act (RCW 19.142), you have three business days after signing a membership contract in which to cancel and receive a refund. The amount of refund you are entitled to varies depending on the type of contract signed.

## BUSINESS OPPORTUNITIES

Business opportunities or enterprises that enable you to start a business through the purchase or leasing of equipment or training are governed by the state's Business Opportunity Fraud Act (RCW 19.110). The law allows buyers to cancel within seven business days of signing a contract.

This law does not cover purchasing a franchise, which falls under the Franchise Investment Protection Law (RCW 19.100). Franchise purchasers do not have a right to cancel under that statute.

## TELEMARKETING SALES

Under Washington's Commercial Telephone Solicitation Act (RCW 19.158) when you agree to make a purchase during a call initiated by a telephone solicitor, the sale is not final until you've received written confirmation from the seller. The written confirmation must provide an address where a cancellation notice may be sent and an explanation of your cancellation rights.

You may cancel the contract within three business days of receipt of the written confirmation; if delivery is not made within 42 calendar days of the initial solicitation; or whenever the Telephone Solicitation Act is violated.



## CAMPING CLUBS

Washington's Camping Club Act (RCW 19.105) protects people who buy memberships in camping clubs by giving them a three business day right to cancel their purchase.

In addition, if you did not inspect any of the camping club facilities before signing the contract, you have six business days to cancel.

## VOCATIONAL SCHOOLS

Students who sign up for private vocational schools, that do not grant degrees, have five business days to cancel their contracts and get their money back (WAC 490.100). If students cancel during the five day period, they receive a full refund.

However, if they commence training during the cancellation period and then exercise their rights to cancel, state law specifies how much of a refund the student should receive.

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